



**UNITED STATES OFFICE OF PERSONNEL MANAGEMENT**

**STATEMENT OF  
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U.S. OFFICE OF PERSONNEL MANAGEMENT**

**before the**

**COMMISSION ON WARTIME CONTRACTING IN IRAQ AND AFGHANISTAN**

**on**

**THE CONTINGENCY ACQUISITION WORKFORCE: WHAT IS NEEDED AND HOW  
DO WE GET THERE?**

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**SEPTEMBER 16, 2010**

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Co-Chairman Thibault, Co-Chairman Shays, and Commissioners:

On behalf of the U.S. Office of Personnel Management (OPM), thank you for the opportunity to participate in this hearing regarding the role and effectiveness of the contingency acquisition workforce in supporting military operations in Iraq and Afghanistan. I appreciate the Commission's interest in understanding the various human resources authorities and flexibilities that can help agencies develop and retain an effective acquisition workforce.

OPM has been collaborating with the Federal Acquisition Institute (FAI) and the Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget (OMB) on initiatives to strengthen the acquisition workforce. We are also working with Federal agencies to ensure they have the tools they need to recruit, retain, and train their acquisition workforce.

**Recruiting and Retaining Civilian Acquisition Professionals**

**Competency Assessments and Workforce Planning**

In 2007, OPM designated the contract specialist field as a Governmentwide mission-critical occupation requiring focused attention on recruitment and development. As a result of this designation, Federal agencies have been required to submit data to facilitate the assessment of their acquisition workforce, as part of their annual reporting requirement to OPM. Generally, agencies track the number of budgeted positions and the number of actual on-board employees that they have. They then set targets for closing the gap in hiring. In accordance with OFPP guidance, agencies also assess the acquisition competencies required of their workforce, develop strategies to address competency gaps, set targets, and conduct before-and-after assessments to

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measure progress. Many civilian agencies use results from an FAI-provided assessment tool to identify competency gaps. As with all mission-critical occupations, OPM's Human Capital Officers (HCOs) also assist agencies with the target-setting process. Each December, agencies report in their annual Human Capital Management Reports, the progress made in meeting the targets for closing gaps in resources and competencies within the acquisition workforce. This then sets the foundation for agencies to develop their annual acquisition human capital plans required by OFPP, pursuant to its October 2009 Memorandum regarding the Acquisition Workforce Development Strategic Plan for Civilian Agencies for FY 2010-2014..

### **Hiring Flexibilities**

There are a variety of tools or hiring authorities available to all Federal agencies to obtain acquisition talent, in particular contract specialists. The "direct hire" authority, provided by Congress in the National Defense Authorization Act for Fiscal Year (FY) 2008 (Pub. L. No. 110-181) for non-Department of Defense agencies, permits Federal agencies to appoint qualified candidates for certain acquisition positions into the competitive service, without applying veterans' preference or using competitive rating and ranking procedures, as long as public notice is provided. This authority, which expires in September 2012, helps the Federal Government respond expeditiously to acquisition workforce needs and also helps alleviate agencies' civilian acquisition professional shortage by allowing them to quickly recruit and hire potential acquisition candidates. In FY 2009, over 311 acquisition positions in 34 agencies were filled using this authority. Additionally, in the first two quarters of FY 2010, 155 acquisition positions in 29 agencies were filled using this authority. Congress has since granted similar authority to the Department of Defense.

In October 2006, the General Services Administration Modernization Act (Pub. L. No. 109-313) was signed into law, allowing Federal agencies to hire annuitants to fill critical vacancies in the acquisition field without offsetting their salary by the amount of their annuity, as is generally required when retired Federal employees are reemployed by the Government. OPM partnered with OFPP in issuing guidance to agencies for implementing these provisions.

In addition to the hiring flexibilities mentioned above, agencies may also use any appropriate hiring tool to fill acquisition positions. These include, but are not limited to, the appointing authorities for veterans and the special appointing authority for people with disabilities.

### **Hiring Reform**

OPM has also been working on a comprehensive hiring reform initiative that will help make applying for a Federal job easier and speed up the application process. On May 11, 2010, President Barack Obama issued a memorandum that directs agency heads to take specific actions, by November 1st. These actions include streamlining the application process by trimming job announcements by over 75 percent, writing job announcements in plain language, using a category rating selection method instead of the outdated "rule of 3" method, and eliminating written essay-style questions. Last year, OPM worked with OFPP, the Chief

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Acquisition Officers Council, and FAI to develop job opportunity announcements and occupational questionnaires for mid-career Federal contract specialist positions. OPM launched these tools through shared registers, providing readily available pools of qualified candidates for agencies' use in filling openings. OPM is currently developing state-of-the-art assessment tools in USAJOBSAssess that will enable Federal agencies to better identify top applicants for a number of key occupations, including contracting specialist, series 1102, positions. These reforms, coupled with the training and support that OPM has been providing, can assist agencies in meeting their hiring needs.

**Special Pay for Federal Civilian Employees Deployed to Zones of Armed Conflict**

In addition to the staffing tools and initiatives mentioned above, there are a wide array of special payments and benefits available to employees who work overseas. OPM has been working with the Departments of State and Defense, as well as other agencies, to enhance the benefits for employees who deploy to designated zones of armed conflict like Iraq and Afghanistan, in an effort to strengthen the incentives for employees to accept such assignments and ensure that they are treated equitably.

**Human Resources Payments and Flexibilities Overseas**

Federal civilian employees deployed overseas generally continue to serve under their normal pay system, but receive pay and benefits that are granted to Federal employees as entitlements, such as annual pay adjustments, overtime pay, annual and sick leave, and health and life insurance. Some of these entitlements are enhanced for employees serving overseas. For example, the ceiling on the amount of annual leave that may be carried over to the next year is 360 hours for employees serving overseas, compared to 240 hours for those serving in the U.S. Also, deployment to Afghanistan or Iraq is considered "a life event" that allows employees an opportunity to elect different health insurance coverage or enhanced life insurance coverage.

Employees serving in areas of armed conflict may also be eligible for recruitment, relocation, and retention incentives based on staffing needs, special requirements of the mission, and unusually high or unique skills of individual employees. Quality step increases, performance awards, and cash awards are other examples of human resources flexibilities that can be used to reward good performance for those deployed.

Employees working side-by-side overseas may serve under different pay systems, in addition to having somewhat different benefits. These differences are often based on dissimilar mission and workforce requirements and are the result of separate laws that have been authorized by Congress over many years. The primary pay systems under title 5, United States Code, are the General Schedule, Federal Wage System, and Senior Executive Service, but many employees overseas are covered by the Foreign Service, intelligence agencies' pay systems, or agency-specific authorities. For several years, various Defense Authorization Acts provided temporary authority to allow agencies, not otherwise covered by the Foreign Service Act, to pay certain Foreign Service benefits to other Federal civilian employees serving in Iraq and Afghanistan.

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This type of authority, albeit temporary, provides a more comprehensive and consistent approach to benefits for Federal civilians in areas of armed conflict.

In addition, all civilian employees working overseas receive compensation under the Department of State's "Standardized Regulations" that provide for quarters allowances, cost-of-living allowances, payments during evacuations, and other related benefits, as applicable. Danger and post differential pay are both authorized by title 5 of the United States Code, which grants the Secretary of State the ability to provide a common regulatory framework for all civilian employees overseas. In Iraq and Afghanistan, the post differential and danger pay are each equal to 35 percent of basic pay. Together, these entitlements provide for well-deserved additional payments of 70 percent of basic pay in recognition of the extraordinary commitment and service of deployed civilians under very dangerous and stressful conditions.

OPM also administers two temporary authorities with respect to civilian employees in Iraq and Afghanistan. The first affects premium pay, which includes overtime pay, Sunday pay, holiday pay, and night differential. For employees deployed to Afghanistan and Iraq, the law permits a higher ceiling to be applied to the amount of basic pay, plus premium pay they can earn in a calendar year. For these deployed civilians, the premium pay ceiling is equivalent to the Vice President's salary (\$230,700 in 2010), rather than the lower rate applicable to employees generally (the higher of level V of the Executive Schedule (\$145,700 in 2010) or the applicable GS-15, step 10, rate, which is capped at level IV of the Executive Schedule (\$155,500 in 2010)). Thus, the higher premium pay cap allows for possible additional premium pay of at least \$75,200.

The second temporary authority OPM administers is the higher limit on aggregate compensation, which is a ceiling on the total amount of compensation under title 5 of the United States Code that a civilian employee can be paid during a calendar year. Under this limit, any excess compensation is payable in a subsequent year, so no pay is permanently lost. For most employees, this limit is the rate for level I of the Executive Schedule (\$199,700 in 2010). Currently, this ceiling is removed for any employee who is granted a waiver of premium pay in Iraq and Afghanistan, but again, the authority for this waiver is only temporary.

OPM's position is that its temporary authority to grant waivers of the normal caps on premium pay and aggregate compensation should be made permanent for employees deployed to areas of armed conflict. With permanent legislation, employees will not have to be concerned about the uncertainty associated with a repeated temporary authority renewal. In addition, agencies can plan more efficiently when they can rely upon these important tools on a permanent basis. OPM and other agencies have developed a legislative proposal which would, among other things, provide permanent authority to waive these caps for employees deployed to a designated zone of armed conflict.

Finally, in an effort to increase awareness of these provisions, OPM developed a dedicated page on our website to provide information to agencies and employees regarding special pay and benefits available to those serving in combat zones at <http://www.opm.gov/combatzones>.

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**Legislative Proposal on Benefits for Federal Civilian Employees  
in Zones of Armed Conflict**

In June 2009, the Government Accountability Office (GAO) reported about differences among Federal agencies in policies on compensation and medical benefits for deployed Federal civilian employees. GAO suggested that the disparities may exist because of the discretionary nature of various compensation authorities as well as the existence of independent agency authorities. Also, some agencies with small numbers of employees working in designated zones of armed conflict may be unfamiliar with the current authorities and unsure of how to find information on compensation and benefits to which employees may be entitled. GAO found that when these civilians serve side-by-side, differences in pay and benefits may become more apparent and may undermine morale. In order to address these concerns, OPM and the Departments of Defense, State, and Labor have worked in partnership to develop a legislative proposal to provide more uniformity and transparency to the pay and benefits for deployed civilian employees.

The legislative proposal would codify the benefits Federal civilian employees are eligible to receive while serving in a designated zone of armed conflict. The proposal would allow the Secretary of State, in coordination with the Secretary of Defense, to designate an area where there are exceptional levels of armed violence as a “designated zone of armed conflict”. This designation would make Federal civilian employees serving in that zone eligible for certain pay and benefits.

Many of the authorities for the special pay and benefits that agencies can provide to employees who serve in zones of armed conflict are currently in a variety of statutory provisions that must be renewed each year. The draft proposal would place the authorities in one central set of provisions in title 5 of the United States Code, so that agencies can easily locate the benefits they may provide.

For example, the proposal would authorize locality pay for deployed civilian employees and would also permit the Director of OPM, or the Secretary of State for Foreign Service members, to require agencies to grant special pay for certain employees who work extended hours but who cannot be paid overtime. The proposal would also make the authority for a higher premium pay cap permanent (equal to the annual rate of salary payable to the Vice President, \$230,700 in 2010) and for authority to waive the title 5 aggregate pay limitation. In addition, the proposal includes several other provisions to enhance the current pay and benefits provided to deployed civilian employees.

The proposal also includes recuperation leave to provide employees a respite from working in a designated zone of armed conflict, and readjustment leave to be provided after a deployment assignment has been completed, to offer employees time to rest and attend to personal matters before returning to work.

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Finally, the proposal provides more time to an employee to file a claim for continuation of pay as a result of work-related injuries sustained in a zone of armed combat, as well as an extended period to receive continuation of pay. The proposal also provides for a death gratuity to be paid to a beneficiary of an employee killed in a zone of armed conflict, equal to level II of the Executive Schedule (\$179,700 in 2010).

The legislation was transmitted to Congress by OPM and the Department of Defense on June 9, 2010. We believe this legislation is essential for the Federal Government to support employees who deploy to dangerous areas often at great inconvenience and risk to themselves and hope that Congress will consider it this year.

Thank you again for the opportunity to discuss these matters with you. I would be happy to respond to any questions you may have.